

Small Business Health Insurance Promotion Act of 2005
making health insurance more affordable and accessible
for America's small businesses

I. Tax credit to help defray the costs of health insurance and encourage more employers to offer insurance:

Available to any small employer (2-50 employees) who provides coverage through a qualified pooling arrangement and who offers coverage to all employees;
Available to any self-employed individual who gets coverage through a qualified pooling arrangement;
Tax credit equal to 50 percent of the employer's cost of health insurance coverage;
Small businesses and self-employed individuals receive the tax credit for 4 years;
Participating employers who increase the number of employees to over 50 after qualifying for credit continue to receive the credit for 4 years; and
Bill provides additional economic stimulus even to small employers who currently offer coverage.

II. Qualified pooling arrangements reduce cost of health insurance and help make coverage more accessible:

Directs Office of Personnel Management (OPM) in conjunction with Department of Labor to establish a national multi-insurer pool where businesses can use their tax credit.
States, at their option, may establish their own small employer health insurance pool where businesses can use the tax credit;
Employers and self-employed individuals choose which pool to participate in;
Quality coverage guaranteed -- coverage in each pool must be substantially similar to health coverage offered in any of the four largest health plans by enrollment in the Federal Employees Health Benefit Program (FEHBP);
Protections to ensure access to coverage;
Guaranteed choice of plans;
Pooling arrangements are available to ALL small employers and the self-employed (even those not using the tax credit); and
Institute of Medicine directed to study expanding the pools to other employers.